



January 5, 2006

Roger Williams Medical Center and three executives are charged with federal fraud charges

A federal grand jury today indicted **Roger Williams Medical Center**, its chief executive, **Robert A. Urciuoli**, former executive **Frances P. Driscoll**, and **Peter J. Sangermano, Jr.**, a principal in an affiliated assisted living facility, on charges that they corruptly employed former Rhode Island Senator John Celona to advance the interests of Roger Williams Medical Center in the General Assembly.

United States Attorney Robert Clark Corrente, Kenneth W. Kaiser, Special Agent in Charge of the Federal Bureau of Investigation, Rhode Island Attorney General Patrick Lynch, and Colonel Steven M. Pare, Superintendent of the Rhode Island State Police, jointly announced a 38-count indictment, which the grand jury returned in U.S. District Court, Providence. The indictment charges the defendants with conspiracy to deprive Rhode Island citizens of Senator Celona's honest services and using the mails to do so. Celona has pleaded guilty to federal fraud charges and has agreed to cooperate with the government in a continuing investigation.

"This remains an extremely active investigation, one to which both my office and our law enforcement partners have devoted very extensive resources," U.S. Attorney Corrente said.

During the time period covered by the indictment, Celona was a member of the Senate Corporations Committee and, for part of that period, its chairman. He was also a member of the Committee on Health, Education and Welfare. Both committees had jurisdiction over legislation

-more-

affecting health care facilities. Urciuoli was President and Chief Executive Officer of Roger Williams Medical Center. Driscoll was, from 1989 until May 2000, a Senior Vice President of Roger Williams Medical Center. Sangermano was a principal of Village Retirement Communities, which, in partnership with Roger Williams Medical Center, operated the Village at Elmhurst, an assisted living facility.

According to the indictment, the conspirators devised a ruse to have Roger Williams Medical Center pay Celona as a consultant for the Village at Elmhurst so Roger Williams could use him to influence legislation. Celona's ostensible duties were to trumpet services available to seniors at the Villages at Elmhurst but, according to the indictment, he was actually being paid by Roger Williams Medical Center and his job was to advance its agenda in the General Assembly.

The indictment alleges that, between 1998 and 2004, Roger Williams paid Celona approximately \$260,000 in consultant fees and, in return, Celona took steps to kill bills deemed harmful to Roger Williams and to advance legislation that Urciuoli and Driscoll considered favorable. Celona allegedly stifled bills in committees and pressured other legislators to back off bills that ran counter to Roger Williams' agenda.

The indictment alleges the following acts, among others:

- When Roger Williams was seeking a merger with a for-profit corporation, Urciuoli and Driscoll informed Celona that they opposed a Senate bill that would prohibit medical center officials from serving on the board of a converted hospital;
- At the direction of Urciuoli and Driscoll, Celona attempted to influence municipalities to increase ambulance runs to Roger Williams Medical Center;
- Driscoll directed Celona to advocate legislation enhancing reimbursements to Roger Williams for a bone marrow donation program;

-more-

- Driscoll directed Celona to take steps to kill a bill to require non-profit corporations in Providence to make Payments in Lieu of Taxes (PILOT).

The indictment alleges that Urciuoli, Driscoll, Sangermano, Celona, and others deceived Rhode Island citizens about Celona's true relationship with Roger Williams by providing false information to the Rhode Island Ethics Commission. A 1998 letter to the Ethics Commission seeking an advisory opinion about Celona reported that he was employed by the Village at but did not disclose that he was actually being paid by the medical center and was doing political work for it.

The indictment also alleges that, at Urciuoli's direction, Celona pressured medical insurance companies to increase their reimbursements to Roger Williams for health care services. After a meeting with an insurance company executive in 2001, Celona allegedly sent an e-mail message to Urciuoli stating, "I hope I didn't lay it on... too much yesterday." Urciuoli allegedly responded that the insurance official "deserved to get cranked around."

The indictment charges Urciuoli, Driscoll, Sangermano and Roger Williams Medical Center with conspiracy to defraud the citizens of Rhode Island of their right to Celona's honest services. It charges Driscoll with one count of mail fraud and Urciuoli, Sangermano, and Roger Williams with 36 counts of mail fraud. Each mail fraud count involves a check allegedly mailed to Celona to cover his consultant fees.

An indictment is merely an allegation and a defendant is presumed innocent unless and until proven guilty. The maximum penalty for conspiracy, upon conviction, is five years imprisonment and a \$250,000 fine. Upon conviction, the mail fraud charge against Driscoll

carries a maximum penalty of five years in prison and a \$250,000 fine. Each of the 36 counts of mail fraud against Urciuoli and Sangermano has a maximum penalty of 20 years in prison and a \$250,000 fine. (In July 2002, Congress increased the maximum penalty for mail fraud from five to 20 years imprisonment).

A summons will be issued for the defendants to appear for arraignment in U.S. District Court, Providence. Arraignment has not yet been scheduled.

In September, Celona admitted that he used his position as a senator to fraudulently advance the interests of corporations that paid him consultant fees. He is free pending sentencing, which is scheduled for May 11, and has agreed to cooperate with the government in its investigation.

The Federal Bureau of Investigation and the Rhode Island State Police conducted the investigation that resulted in this indictment. Assistant U.S. Attorneys Gerard B. Sullivan, Luis M. Matos, Dulce Donovan and Terrence P. Donnelly are prosecuting this and related cases.

-30-

Contact: 401-709-5032

Thomas.connell@usdoj.gov

Find news releases and other information of interest on the U.S. Attorney's Web site:

<http://www.usdoj.gov/usao/ri/>